

**ND-1FA****Calculation of tax under 3-year averaging
method for elected farm income****2005***Attach to Form ND-1***Please type or print in black or blue ink. Enter one letter or number in each box.**

Your name as shown on Form ND-1

Your social security number

▶ See instructions to this schedule to see if you are eligible to use it

US Dollars

1. North Dakota taxable income from Form ND-1, line 16 ----- 1

2. Elected farm income from your 2005 Schedule J (Form 1040), line 2. If this amount includes a net long-term capital gain, see instructions. **Do not enter more than the amount on line 1** ----- 2

3. Subtract line 2 from line 1 ----- 3

4. Tax on the amount on line 3 from Tax Table on page 18 of 2005 Form ND-1 instructions ----- 4

5. If you used Schedule ND-1FA to figure your tax for:

- 2004, enter amount from your 2004 Schedule ND-1FA, line 11.
- 2003 but not 2004, enter amount from your 2003 Schedule ND-1FA, line 15.
- 2002 but not 2003 nor 2004, enter amount from your 2002 Schedule ND-1FA, line 3.

Otherwise, enter amount from 2002 Form ND-1, line 13, **OR** from 2002 Form ND-2, Tax Computation Schedule, line 1.*If line 5 is zero or less,
see instructions.*

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6. Divide the amount on **line 2** by **3.0** ----- 67. Add lines 5 and 6. *If less than zero, enter zero* ----- 7

8. If you used Form ND-1 for 2002, figure the tax on the amount on line 7 using the 2002 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Table on page 1 of the instructions ----- 8

9. If you used Schedule ND-1FA to figure your tax for:

- 2004, enter amount from your 2004 Schedule ND-1FA, line 15.
- 2003 but not 2004, enter amount from your 2003 Schedule ND-1FA, line 3.

Otherwise, enter amount from 2003 Form ND-1, line 14, **OR** from 2003 Form ND-2, Tax Computation Schedule, line 1.*If line 9 is zero or less,
see instructions.*

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10. Enter amount from line 6 ----- 10

11. Add lines 9 and 10. *If less than zero, enter negative number* ----- 11

12. If you used Form ND-1 for 2003, figure the tax on the amount on line 11 using the 2003 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Table on page 1 of the instructions ----- 12

13. If you used Schedule ND-1FA to calculate your tax for 2004, enter the amount from 2004 Schedule ND-1FA, line 3. Otherwise, enter amount from 2004 Form ND-1, line 14, **OR** from 2004 Form ND-2, Tax Computation Schedule, line 1 ----- 13*If line 13 is zero or less,
see instructions.*

14. Enter amount from line 6 ----- 14

15. Add lines 13 and 14. *If less than zero, enter negative number* ----- 15

16. If you used Form ND-1 for 2004, figure the tax on the amount on line 15 using the 2004 Form ND-1 Tax Rate Schedules on page 2 of the instructions. Otherwise, use the Form ND-2 Tax Rate Table on page 1 of the instructions ----- 16

17. Add lines 4, 8, 12 and 16. Enter this amount on page 2, line 18, of this schedule ----- 17



18. Enter the amount from page 1, line 17 ----- 18

19. If you used Schedule ND-1FA to figure your tax for:

- 2004, enter amount from your 2004 Schedule ND-1FA, line 12.
- 2003 but not 2004, enter amount from your 2003 Schedule ND-1FA, line 16.
- 2002 but not 2003 nor 2004, enter amount from your 2002 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2002 Form ND-1, line 14 (if full-year resident) or Schedule ND-1NR, line 21 (if full-year nonresident or part-year resident) **OR** from 2002 Form ND-2, Tax Computation Schedule, line 2.

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20. If you used Schedule ND-1FA to figure your tax for:

- 2004, enter amount from your 2004 Schedule ND-1FA, line 16.
- 2003 but not 2004, enter amount from your 2003 Schedule ND-1FA, line 4.

Otherwise, enter amount from 2003 Form ND-1, line 15 (if full-year resident) or Schedule ND-1NR, line 21 (if full-year nonresident or part-year resident) **OR** from 2003 Form ND-2, Tax Computation Schedule, line 2.

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21. If you used Schedule ND-1FA to figure your tax for 2004, enter amount from 2004 Schedule ND-1FA, line 4. Otherwise, enter amount from 2004 Form ND-1, line 15 (if full-year resident) or Schedule ND-1NR, line 21 (if full-year nonresident or part-year resident) **OR** from 2004 Form ND-2, Tax Computation Schedule, line 2. ----- 21

22. Add lines 19, 20, and 21 ----- 22

23. Subtract line 22 from line 18. If you are filing your return as a:

- **Full-year resident**, enter the amount from this line on Form ND-1, line 17.
- **Full-year nonresident** or **part-year resident**, enter the amount from this line on Schedule ND-1NR, line 19.

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► **Caution:** If you are filing as a **full-year resident**, the tax on line 23 above may be higher than the tax calculated without the use of this schedule. Attach this schedule to your Form ND-1 only if you are choosing to pay the tax calculated on it.

If you are filing as a **full-year nonresident** or **part-year resident**, the tax on line 23 above is not your actual tax liability. You must enter the tax from line 23 of this schedule on Schedule ND-1NR, line 19, and complete the remainder of Schedule ND-1NR to calculate your actual tax liability. Please note that the tax calculated based on the use of Schedule ND-1FA may be higher than the tax calculated without it. Attach this schedule to your Form ND-1 only if you are choosing to pay the tax based on its use.

General instructions

Eligibility

You are eligible to use Schedule ND-1FA to calculate your tax for 2005 if you used Schedule J (Form 1040) to calculate your 2005 federal income tax.

The use of Schedule ND-1FA is elective. You do not have to use it even though you used Schedule J (Form 1040) to calculate your federal income tax for 2005.

IMPORTANT: It is possible for the tax calculated using Schedule ND-1FA to be higher than the tax calculated on all of your income using the regular method (without Schedule ND-1FA). Complete and attach Schedule ND-1FA to your Form ND-1 *only if* you are electing to pay the tax that results from using Schedule ND-1FA.

Copies of 2002, 2003, and 2004 returns

You will need copies of your 2002, 2003, and 2004 North Dakota income tax returns to complete the 2005 Schedule ND-1FA. If you do not have a copy of any of these returns, see the back cover of the 2005 Form ND-1 instruction booklet for information on how to obtain one.

If you filed an amended North Dakota income tax return or our office made changes to your North Dakota income tax return for 2002, 2003, or 2004, you must use the corrected amounts when completing Schedule ND-1FA.

Specific line instructions

Line 2

Enter your elected farm income from the 2005 Schedule J (Form 1040), line 2. However, if you claimed an exclusion on line 7 of your 2005 Form ND-1 attributable to a net long-term capital gain included in your federal elected farm income, subtract that portion of the exclusion from your federal elected farm income and enter the result on this line.

Lines 5, 9, and 13

For purposes of completing lines 5, 9, and 13 of the 2005 Schedule ND-1FA, your North Dakota taxable income may be a negative number. If your North Dakota taxable income for a base year is mathematically less than zero, use the negative number for purposes of completing these lines.

Correction made to Schedule ND-1FA for 2002, 2003, and 2004 tax years

There is an error in the Schedule ND-1FA for the 2002 through 2004 tax years. The error, which relates to the amount of tax previously paid for a base year, only affects full-year nonresidents and part-year residents having eligible farm income. The error is located on the following lines of each year's schedule:

- 2002 Schedule ND-1FA, line 21.
- 2003 Schedule ND-1FA, lines 20 and 21.
- 2004 Schedule ND-1FA, lines 19, 20, and 21.

In the last sentence of the instructions for each of the lines identified above, the instructions should have stated that the tax previously paid for the base year should be taken from Schedule ND-1NR, line 21, in the case of a full-year nonresident or part-year resident using Form ND-1. If affected by this error, an amended return may be filed within three years after the original return was filed to claim a refund of an overpayment of tax attributable to the error.

Form ND-2 Tax Rate Table

If you used Form ND-2 for the 2002, 2003, or 2004 tax year, use this table to calculate the tax for that tax year.

If revised taxable income for tax year is:				The revised tax is equal to:	
Over	But not over				
\$ 0	\$ 3,000			2.67% of the revised taxable income	
3,000	5,000	\$ 80.10	+	4.00% of the amount over	\$ 3,000
5,000	8,000	160.10	+	5.33% of the amount over	5,000
8,000	15,000	320.00	+	6.67% of the amount over	8,000
15,000	25,000	786.90	+	8.00% of the amount over	15,000
25,000	35,000	1,586.90	+	9.33% of the amount over	25,000
35,000	50,000	2,519.90	+	10.67% of the amount over	35,000
50,000		4,120.40	+	12.00% of the amount over	50,000

2002 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2002 tax year, use these tax rate schedules to calculate the tax to enter on line 8 . Use the schedule that corresponds to your filing status for the 2002 tax year.

Single

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 27,950	2.1% of the revised taxable income
27,950	67,700	\$ 586.95 + 3.92% of amount over \$ 27,950
67,700	141,250	2,145.15 + 4.34% of amount over 67,700
141,250	307,050	5,337.22 + 5.04% of amount over 141,250
307,050		13,693.54 + 5.54% of amount over 307,050

Married filing jointly and Qualifying widow(er)

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 46,700	2.1% of the revised taxable income
46,700	112,850	\$ 980.70 + 3.92% of amount over \$ 46,700
112,850	171,950	3,573.78 + 4.34% of amount over 112,850
171,950	307,050	6,138.72 + 5.04% of amount over 171,950
307,050		12,947.76 + 5.54% of amount over 307,050

Married filing separately

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 23,350	2.1% of the revised taxable income
23,350	56,425	\$ 490.35 + 3.92% of amount over \$ 23,350
56,425	85,975	1,786.89 + 4.34% of amount over 56,425
85,975	153,525	3,069.36 + 5.04% of amount over 85,975
153,525		6,473.88 + 5.54% of amount over 153,525

Head of Household

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 37,450	2.1% of the revised taxable income
37,450	96,700	\$ 786.45 + 3.92% of amount over \$ 37,450
96,700	156,600	3,109.05 + 4.34% of amount over 96,700
156,600	307,050	5,708.71 + 5.04% of amount over 156,600
307,050		13,291.39 + 5.54% of amount over 307,050

2003 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2003 tax year, use these tax rate schedules to calculate the tax to enter on line 12 . Use the schedule that corresponds to your filing status for the 2003 tax year.

Single

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 28,400	2.1% of the revised taxable income
28,400	68,800	\$ 596.40 + 3.92% of amount over \$ 28,400
68,800	143,500	2,180.08 + 4.34% of amount over 68,800
143,500	311,950	5,422.06 + 5.04% of amount over 143,500
311,950		13,911.94 + 5.54% of amount over 311,950

Married filing jointly and Qualifying widow(er)

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 47,450	2.1% of the revised taxable income
47,450	114,650	\$ 996.45 + 3.92% of amount over \$ 47,450
114,650	174,700	3,630.69 + 4.34% of amount over 114,650
174,700	311,950	6,236.86 + 5.04% of amount over 174,700
311,950		13,154.26 + 5.54% of amount over 311,950

Married filing separately

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 23,725	2.1% of the revised taxable income
23,725	57,325	\$ 498.23 + 3.92% of amount over \$ 23,725
57,325	87,350	1,815.35 + 4.34% of amount over 57,325
87,350	155,975	3,118.43 + 5.04% of amount over 87,350
155,975		6,577.13 + 5.54% of amount over 155,975

Head of Household

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 38,050	2.1% of the revised taxable income
38,050	98,250	\$ 799.05 + 3.92% of amount over \$ 38,050
98,250	159,100	3,158.89 + 4.34% of amount over 98,250
159,100	311,950	5,799.78 + 5.04% of amount over 159,100
311,950		13,503.42 + 5.54% of amount over 311,950

2004 Form ND-1 Tax Rate Schedules

If you used Form ND-1 for the 2004 tax year, use these tax rate schedules to calculate the tax to enter on line 16 . Use the schedule that corresponds to your filing status for the 2004 tax year.

Single

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 29,050	2.1% of the revised taxable income
29,050	70,350	\$ 610.05 + 3.92% of amount over \$ 29,050
70,350	146,750	2,229.01 + 4.34% of amount over 70,350
146,750	319,100	5,544.77 + 5.04% of amount over 146,750
319,100		14,231.21 + 5.54% of amount over 319,100

Married filing jointly and Qualifying widow(er)

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 48,500	2.1% of the revised taxable income
48,500	117,250	\$ 1,018.50 + 3.92% of amount over \$ 48,500
117,250	178,650	3,713.50 + 4.34% of amount over 117,250
178,650	319,100	6,378.26 + 5.04% of amount over 178,650
319,100		13,456.94 + 5.54% of amount over 319,100

Married filing separately

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 24,250	2.1% of the revised taxable income
24,250	58,625	\$ 509.25 + 3.92% of amount over \$ 24,250
58,625	89,325	1,856.75 + 4.34% of amount over 58,625
89,325	159,550	3,189.13 + 5.04% of amount over 89,325
159,550		6,728.47 + 5.54% of amount over 159,550

Head of Household

If revised taxable income
for tax year is:

The revised tax is equal to:

Over	But not over	
\$ 0	\$ 38,900	2.1% of the revised taxable income
38,900	100,500	\$ 816.90 + 3.92% of amount over \$ 38,900
100,500	162,700	3,231.62 + 4.34% of amount over 100,500
162,700	319,100	5,931.10 + 5.04% of amount over 162,700
319,100		13,813.66 + 5.54% of amount over 319,100